

**URBAN SPLASH GROUP LTD.
GROUP FINANCIAL STATEMENTS
FOR
30TH NOVEMBER 2000**

Company Registration Number 03141013



EDWARDS VEEDER
Chartered Accountants & Registered Auditors
Brunswick Square
Union Street
Oldham
OL1 1DE

URBAN SPLASH GROUP LTD.
FINANCIAL STATEMENTS
YEAR ENDED 30TH NOVEMBER 2000

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URBAN SPLASH GROUP LTD.
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	T.P.R. Bloxham M.B.E. J.M. Falkingham N.A. Williams
Company secretary	N.A. Williams
Registered office	Ducie House Ducie Street Manchester M1 2JW
Auditors	Edwards Veeder Chartered Accountants & Registered Auditors Brunswick Square Union Street Oldham OL1 1DE
Bankers	HSBC Bank plc 109 Union Street Oldham OL1 1RT
Solicitors	Pannone & Partners 123 Deansgate Manchester M3 2BU

URBAN SPLASH GROUP LTD.
THE DIRECTORS' REPORT
YEAR ENDED 30TH NOVEMBER 2000

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 30th November 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

On 2 November 2000 the company changed its name from Urban Splash (Britannia Mills) Ltd. to Urban Splash Group Ltd.

Urban Splash Group Ltd. is the parent company of a group of companies engaged in property development and property rental.

The directors consider the results for the year and the state of affairs at the year end of the group to be satisfactory.

FUTURE PROSPECTS

The group will continue its present activities of property investment and development in the foreseeable future, and expects the profitable trading results to be maintained and improved.

RESEARCH AND DEVELOPMENT

The group does not undertake any specific research and development.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2000 £	1999 £
Proposed dividends on ordinary shares	139,500	-
Dividends paid on ordinary shares	80,500	-
	<u>220,000</u>	<u>-</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each At At 30 November 2000	1 December 1999 or later date of appointment
T.P.R. Bloxham M.B.E.	1,414,401	1,414,401
J.M. Falkingham	451,799	451,799
N.A. Williams (Appointed 13 April 2000)	<u>-</u>	<u>-</u>

There have been no changes in directors interests in the company since the year end.

URBAN SPLASH GROUP LTD.

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30TH NOVEMBER 2000

DIRECTORS' AND OFFICERS' LIABILITY

Directors' and officers' liability insurance has been purchased by the company during the year.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group at the end of the year and of the profit or loss of the group for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 12 to 13, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DONATIONS

During the year the group made the following contributions:

	2000	1999
	£	£
Charitable	<u>5,175</u>	<u>-</u>

AUDITORS

Edwards Veeder have resigned as auditors for the ensuing year. Arthur Anderson of Bank House, 9 Charlotte Street, Manchester M1 4EU have been temporarily appointed until the annual general meeting. A resolution to appoint Arthur Anderson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Ducie House
Ducie Street
Manchester
M1 2JW

Signed by order of the directors

N.A. WILLIAMS
Company Secretary

Approved by the directors on ...

25/9/01

URBAN SPLASH GROUP LTD.**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 30TH NOVEMBER 2000**

We have audited the financial statements on pages 5 to 23 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 12 to 13.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 30th November 2000 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Brunswick Square
Union Street
Oldham
OL1 1DE

26/9/01.....



EDWARDS VEEDER
Chartered Accountants
& Registered Auditors

URBAN SPLASH GROUP LTD.
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30TH NOVEMBER 2000

	Note	2000 £	1999 £
		GROUP	COMPANY
TURNOVER: group and share of joint ventures		12,592,301	2,697,575
Less: share of joint ventures' turnover		32,585	-
	2	12,559,716	2,697,575
Cost of sales		9,068,363	1,459,543
GROSS PROFIT		3,491,353	1,238,032
Administrative expenses		2,081,972	32,571
Other operating income	3	(507,701)	-
GROUP OPERATING PROFIT	4	1,917,082	1,205,461
Share of operating profit in joint ventures		23,014	-
		1,940,096	1,205,461
Interest receivable: Group	7	57,195	2,382
Joint ventures		461	-
		57,656	2,382
Interest payable: Group	8	(403,662)	(3)
Joint ventures		(10,406)	-
		(414,068)	(3)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,583,684	1,207,840
Tax on profit on ordinary activities	9	(482,039)	(365,691)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,101,645	842,149
Dividends	10	220,000	-
RETAINED PROFIT FOR THE FINANCIAL YEAR FOR GROUP AND ITS SHARE OF JOINT VENTURES		881,645	842,149
Balance brought forward		839,157	(2,993)
Balance carried forward		1,720,802	839,156

All of the activities of the group are classed as continuing.

The company acquired the subsidiaries at the close of business on 30 November 1999, comparatives for 1999 show the results of the company only.

URBAN SPLASH GROUP LTD.**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 30TH NOVEMBER 2000**

	2000 £ GROUP	1999 £ COMPANY
Profit for the financial year attributable to the shareholders	1,101,645	842,149
Unrealised profit on trade investments	1,196,002	-
Total gains and losses recognised since the last annual report	<u>2,297,647</u>	<u>842,149</u>

URBAN SPLASH GROUP LTD.
CONSOLIDATED BALANCE SHEET

30TH NOVEMBER 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	11	495,680	139,521
Investments	12	15,017,820	12,771,769
Investments in joint ventures:			
Share of gross assets		1,274,235	-
Share of gross liabilities		(1,261,166)	-
		<u>13,069</u>	<u>-</u>
		15,526,569	12,911,290
CURRENT ASSETS			
Work in progress	13	9,630,665	5,400,213
Debtors due within one year	14	3,061,613	1,525,946
Cash at bank and in hand		6,530,798	381,071
		<u>19,223,076</u>	<u>7,307,230</u>
CREDITORS: Amounts falling due within one year	15	(16,953,788)	(6,556,221)
NET CURRENT ASSETS		<u>2,269,288</u>	<u>751,009</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,795,857</u>	<u>13,662,299</u>
CREDITORS: Amounts falling due after more than one year	16	(8,031,243)	(4,642,905)
		<u>9,764,614</u>	<u>9,019,394</u>
Government grants	18	-	(1,332,428)
		<u>9,764,614</u>	<u>7,686,966</u>
CAPITAL AND RESERVES			
Called-up equity share capital	23	2,000,000	2,000,000
Share premium reserve		4,609,464	4,609,464
Revaluation reserve	24	1,196,002	-
Other reserves		238,346	238,346
Profit and Loss Account		1,720,802	839,156
SHAREHOLDERS' FUNDS	25	<u>9,764,614</u>	<u>7,686,966</u>

These financial statements were approved by the directors on the 25/9/01, and are signed on their behalf by:

T.P.R. BLOXHAM M.B.E.

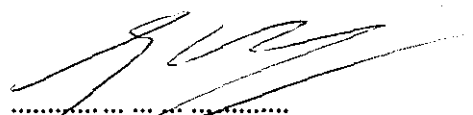
URBAN SPLASH GROUP LTD.

COMPANY BALANCE SHEET

30TH NOVEMBER 2000

	Note	2000	1999
		£	£
FIXED ASSETS			
Investments	12	6,272,525	6,272,524
CURRENT ASSETS			
Work in progress	13	70,754	3,859,272
Debtors	14	1,690,065	580,693
Cash at bank		5,649,674	2
		<u>7,410,493</u>	<u>4,439,967</u>
CREDITORS: Amounts falling due within one year	15	<u>(4,232,372)</u>	<u>(3,263,871)</u>
NET CURRENT ASSETS		<u>3,178,121</u>	<u>1,176,096</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,450,646</u>	<u>7,448,620</u>
CAPITAL AND RESERVES			
Called-up equity share capital	23	2,000,000	2,000,000
Share premium reserve		4,609,464	4,609,464
Profit and Loss Account		2,841,182	839,156
SHAREHOLDERS' FUNDS		<u>9,450,646</u>	<u>7,448,620</u>

These financial statements were approved by the directors on the 28th June 2001, and are signed on their behalf by:



 T.P.R. Bloxham M.B.E.

URBAN SPLASH GROUP LTD.
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 30TH NOVEMBER 2000

	2000		1999
	£	£	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(3,479,237)		538,829
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	57,195		2,382
Interest paid	(213,872)		(3)
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(156,677)		2,379
TAXATION	(880,899)		-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets	(512,995)		-
Receipts from sale of fixed assets	900,557		-
Net acquisition of investments	(2,779,819)		-
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(2,392,257)		-
ACQUISITIONS AND DISPOSALS			
Acquire investments in participating interests	(2)		-
Acquisition of subsidiaries	-		(6,272,524)
Net cash acquired from subsidiaries	-		260,702
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS	(2)		(6,011,822)
EQUITY DIVIDENDS PAID	(80,500)		-
CASH OUTFLOW BEFORE FINANCING	(6,989,572)		(5,470,614)

Carried forward

(6,989,572)(5,470,614)

The notes on pages 11 to 23 form part of these financial statements.

URBAN SPLASH GROUP LTD.**CONSOLIDATED CASH FLOW STATEMENT** *(continued)***YEAR ENDED 30TH NOVEMBER 2000**

	2000	1999
	£	£
Brought forward	(6,989,572)	(5,470,614)
FINANCING		
Issue of equity share capital	-	1,614,284
Share premium on issue of equity share capital	-	4,609,464
Repayment of bank loans	(3,369,958)	(531,115)
New bank loans	10,858,559	-
Net (outflow)/inflow from other long-term creditors	(22,663)	-
Repayment of directors' long-term loans	(924,981)	-
NET CASH INFLOW FROM FINANCING	6,540,957	5,692,633
(DECREASE)/INCREASE IN CASH	(448,615)	222,019

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000	1999
	£	£
Group operating profit	1,917,082	1,205,461
Adjustment re non cash transactions:		
Depreciation	156,324	-
Profit on disposal of fixed assets	(502,701)	-
Increase in work in progress	(4,230,452)	(1,879,688)
Increase in debtors	(1,535,667)	(214,545)
Increase in creditors	716,177	1,427,601
Net cash (outflow)/inflow from operating activities	(3,479,237)	538,829

URBAN SPLASH GROUP LTD.
CONSOLIDATED CASH FLOW STATEMENT (continued)

YEAR ENDED 30TH NOVEMBER 2000

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000		1999
	£	£	£
Decrease in cash in the period	(448,615)		222,019
Net cash inflow from bank loans	(7,488,601)		531,115
Net cash outflow/(inflow) from other long-term creditors	22,663		-
Net cash outflow/(inflow) from directors' long-term loans	924,981		-
Debt acquired from subsidiaries	-		(5,037,905)
	<u>(6,989,572)</u>		<u>(4,284,771)</u>
Change in net debt	(6,989,572)		(4,284,771)
Net debt at 1st December 1999	(5,646,125)		(1,361,354)
Net debt at 30th November 2000	<u>(12,635,697)</u>		<u>(5,646,125)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Dec 1999 £	Cash flows £	At 30 Nov 2000 £
Net cash:			
Cash in hand and at bank	381,071	6,149,727	6,530,798
Overdrafts	(158,842)	(6,598,342)	(6,757,184)
	<u>222,229</u>	<u>(448,615)</u>	<u>(226,386)</u>
Debt:			
Debt due within 1 year	(1,225,449)	(3,152,619)	(4,378,068)
Debt due after 1 year	(4,642,905)	(3,388,338)	(8,031,243)
	<u>(5,868,354)</u>	<u>(6,540,957)</u>	<u>(12,409,311)</u>
Net debt	<u>(5,646,125)</u>	<u>(6,989,572)</u>	<u>(12,635,697)</u>

URBAN SPLASH GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH NOVEMBER 2000

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

(b) Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

(c) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Loft Shop Property	Over 3 years
Structural Alterations	10% on cost
Fittings & Equipment	20% on WDV
Motor Vehicles	25% on WDV
Computer Equipment	33% on cost

(d) Investment properties

Investment properties are valued at market value.

(e) Work in progress

Work in progress is valued on the basis of total costs incurred, net of amounts transferred to the profit and loss account in respect of properties sold and work carried out to date in accordance with S.S.A.P. 9.

(f) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

(g) Pension costs

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the Profit and Loss Account.

(h) Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

URBAN SPLASH GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH NOVEMBER 2000

1. ACCOUNTING POLICIES *(continued)*

(i) Deferred government grants

Government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate. Government grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2000 £	1999 £
United Kingdom	<u>12,559,716</u>	<u>2,697,575</u>

3. OTHER OPERATING INCOME

	2000 £	1999 £
Business award	5,000	-
Profit on disposal of fixed assets	502,701	-
	<u>507,701</u>	<u>-</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2000 £	1999 £
Amortisation of government grants	-	(170,904)
Depreciation	156,324	-
Profit on disposal of fixed assets	(502,701)	-
Auditors' remuneration		
- as auditors	35,650	6,500
Operating lease costs:		
Land and buildings	118,750	-
Plant and equipment	5,320	-
Directors and officers indemnity insurance	<u>1,050</u>	<u>-</u>

URBAN SPLASH GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH NOVEMBER 2000

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2000	1999
	No.	No.
Number of construction staff	49	-
Number of administrative staff	27	-
Number of architects and design staff	21	-
Number of directors	3	2
	<u>100</u>	<u>2</u>

The aggregate payroll costs of the above were:

	2000	1999
	£	£
Wages and salaries	1,735,324	-
Social security costs	160,198	-
	<u>1,895,522</u>	<u>-</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Aggregate emoluments	<u>75,707</u>	<u>-</u>

The number of directors who are accruing benefits under group pension schemes were as follows:

	2000	1999
	No.	No.
Money purchase schemes	<u>1</u>	<u>-</u>

7. INTEREST RECEIVABLE

	2000	1999
	£	£
Bank interest receivable	27,683	2,371
Other loan interest receivable	23,545	-
Corporation tax interest	5,135	-
Other interest receivable	832	11
	<u>57,195</u>	<u>2,382</u>

URBAN SPLASH GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH NOVEMBER 2000

8. INTEREST PAYABLE

	2000 £	1999 £
Interest payable on bank borrowing	402,788	3
Other similar charges payable	874	-
	<u>403,662</u>	<u>3</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
In respect of the year:		
Corporation Tax based on the results for the year at 30% (1999 - 31/30%)	639,223	365,691
Interest on corporation tax	807	-
	<u>640,030</u>	<u>365,691</u>
Adjustment in respect of previous years:		
Corporation Tax	(157,991)	-
	<u>482,039</u>	<u>365,691</u>

10. DIVIDENDS

The following dividends have been paid or proposed in respect of the year:

	2000 £	1999 £
Proposed dividend on ordinary shares	139,500	-
Dividend paid on ordinary shares	80,500	-
	<u>220,000</u>	<u>-</u>

URBAN SPLASH GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH NOVEMBER 2000

11. TANGIBLE FIXED ASSETS

GROUP	Loft Shop Property £	Structural alterations £	Fittings & Equipment £	Motor Vehicles £	Computer equipment £	Total £
COST OR VALUATION						
At 1 Dec 1999	-	29,675	266,005	800	-	296,480
Additions	200,262	235,080	25,916	-	51,737	512,995
Disposals	-	-	-	(800)	-	(800)
Transfers	-	-	(93,875)	-	93,875	-
At 30 Nov 2000	<u>200,262</u>	<u>264,755</u>	<u>198,046</u>	<u>-</u>	<u>145,612</u>	<u>808,675</u>
DEPRECIATION						
At 1 Dec 1999	-	5,932	150,739	288	-	156,959
Charge for the year	66,754	26,475	14,690	-	48,405	156,324
On disposals	-	-	-	(288)	-	(288)
Transfer	-	-	(33,249)	-	33,249	-
At 30 Nov 2000	<u>66,754</u>	<u>32,407</u>	<u>132,180</u>	<u>-</u>	<u>81,654</u>	<u>312,995</u>
NET BOOK VALUE						
At 30 Nov 2000	<u>133,508</u>	<u>232,348</u>	<u>65,866</u>	<u>-</u>	<u>63,958</u>	<u>495,680</u>
At 30 Nov 1999	<u>-</u>	<u>23,743</u>	<u>115,266</u>	<u>512</u>	<u>-</u>	<u>139,521</u>

The effect of reclassifying certain fixed assets from fittings and equipment to computer equipment is to increase the depreciation charges and reduce profits by £19,166.

The company has no tangible fixed assets.

12. INVESTMENTS

GROUP	Joint Ventures £	Other Investment £	Investment Properties £	Total £
COST OR VALUATION				
At 1st December 1999	-	-	12,771,769	12,771,769
Additions	2	151,916	6,731,527	6,883,445
Disposals	-	-	(4,837,996)	(4,837,996)
Revaluations	-	-	1,196,002	1,196,002
Transferred to work in progress	-	-	(995,400)	(995,400)
At 30th November 2000	<u>2</u>	<u>151,916</u>	<u>14,865,902</u>	<u>15,017,820</u>
NET BOOK VALUE				
At 30th November 2000	<u>2</u>	<u>151,916</u>	<u>14,865,902</u>	<u>15,017,820</u>
At 30th November 1999	<u>-</u>	<u>-</u>	<u>12,771,769</u>	<u>12,771,769</u>

URBAN SPLASH GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH NOVEMBER 2000

12. INVESTMENTS *(continued)***JOINT VENTURES**

During the year the group invested in 50% of the share capital of 64a Jersey Street Ltd., a property development company, which is registered in England and Wales.

During the year the group also invested in 50% of the share capital of Woodfield House Ltd., a property development company, which is registered in England and Wales. The accounting period for this company is 30 December, the figures included in these financial statements are from the management accounts to 30 September 2000.

OTHER INVESTMENT

The other investment relates to an option to purchase land situated at Stubbs Mill, Ancoats, Manchester.

COMPANY

**Investments in
subsidiaries
£**

COST

At 1st December 1999

6,272,524

Additions

1

At 30th November 2000

6,272,525**NET BOOK VALUE**

At 30th November 2000

6,272,525

At 30th November 1999

6,272,524**SUBSIDIARY COMPANIES**

The company has the following wholly owned subsidiaries, all of which are incorporated in England and Wales.

Urban Splash Ltd.

Activity

Property developer

Urban Splash (Properties) Ltd.

Property landlord

Urban Splash Projects Ltd.

Property design and construction

Urban Splash (Manningham Mills) Ltd.

Property developer

Wholly owned subsidiary of Urban Splash Ltd.-

Urban Splash Homes Ltd.

Dormant

13. WORK IN PROGRESS

	GROUP		COMPANY	
	2000	1999	2000	1999
	£	£	£	£
Work in progress	<u>9,630,665</u>	<u>5,400,213</u>	<u>66,342</u>	<u>3,859,272</u>

URBAN SPLASH GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS

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14. DEBTORS

	GROUP		COMPANY	
	2000	1999	2000	1999
	£	£	£	£
Trade debtors	199,414	290,788	1,313	176
Amounts owed by group undertakings	-	-	1,658,761	-
Amounts owed by undertakings in which the group has a participating interest	656,517	-	-	-
Amounts owed by related parties (note 22)	62,528	16,532	-	-
Grants receivable	1,258,981	324,459	-	-
VAT recoverable	479,393	257,006	8,804	181,179
Other debtors	4,832	381,606	-	365,819
Director's current account (note 21)	2,326	-	-	-
Prepayments and accrued income	397,622	255,555	21,187	33,519
	<u>3,061,613</u>	<u>1,525,946</u>	<u>1,690,065</u>	<u>580,693</u>

The maximum amount of the overdrawn directors current account outstanding during the year was the same as the amount outstanding at the year end.

15. CREDITORS: Amounts falling due within one year

	GROUP		COMPANY	
	2000	1999	2000	1999
	£	£	£	£
Deposits held	792,118	90,631	-	-
Insurance claim received in advance	-	561,473	-	-
Bank loans and overdrafts	11,135,252	1,384,291	-	868,924
Trade creditors	1,510,967	1,415,505	20,871	13,513
Amounts owed to group undertakings	-	-	2,201,726	1,111,582
Amounts owed to related parties (note 22)	62,857	442,326	-	-
Dividends payable	139,500	-	139,500	-
Directors' loan accounts (note 21)	514,711	1,035,699	570,470	572,356
Other creditors including taxation				
Corporation Tax	302,816	701,676	261,516	365,691
PAYE and social security	71,818	41,943	-	-
Other creditors	24,713	147,878	-	5,384
Accruals and deferred income	2,399,036	734,799	1,038,289	326,421
	<u>16,953,788</u>	<u>6,556,221</u>	<u>4,232,372</u>	<u>3,263,871</u>

The following liabilities disclosed under creditors falling due within one year are secured by the group:

	GROUP		COMPANY	
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdrafts	<u>9,393,847</u>	<u>1,276,783</u>	<u>-</u>	<u>868,924</u>

URBAN SPLASH GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
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15. CREDITORS: Amounts falling due within one year *(continued)*

Bank loans to subsidiary companies are secured against freehold land and buildings owned by the subsidiaries, and overdrafts are secured by fixed and floating charges over the assets of the subsidiaries.

16. CREDITORS: Amounts falling due after more than one year

	GROUP		COMPANY	
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdrafts	8,016,832	3,680,850	-	-
Directors' loan accounts	14,411	939,392	-	-
Other creditors including:				
Long term loan	-	22,663	-	-
	<u>8,031,243</u>	<u>4,642,905</u>	<u>-</u>	<u>-</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the group:

	2000	1999
	£	£
Bank loans and overdrafts	<u>8,016,832</u>	<u>3,680,850</u>

Details of securities held are stated in note 15 to the financial statements.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2000	1999
	£	£
Bank loans	<u>6,000,000</u>	<u>2,307,702</u>

The whole of the aggregate amount is due for repayment after five years.

The bank loans are for a ten year term with interest charged at 1% over base rate.

17. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	GROUP		COMPANY	
	2000	1999	2000	1999
	£	£	£	£
In one year or less, or on demand	4,378,068	1,263,924	-	868,924
Between one and two years	2,016,832	1,784,149	-	-
Between two and five years	-	1,205,515	-	-
In five years or more	6,000,000	690,987	-	-
	<u>12,394,900</u>	<u>4,944,575</u>	<u>-</u>	<u>868,924</u>

URBAN SPLASH GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30TH NOVEMBER 2000

18. GOVERNMENT GRANTS

	GROUP	
	2000	1999
	£	£
Received and receivable:		
At 1st December 1999	1,503,332	1,200,652
Receivable during year	-	302,680
Transfer on disposal of properties	(1,503,332)	-
At 30th November 2000	<u>-</u>	<u>1,503,332</u>
Amortisation:		
At 1 st December 1999	170,904	-
Credit to profit and loss account	-	170,904
Transfer on disposal of properties	(170,904)	-
At 30th November 2000	<u>-</u>	<u>170,904</u>
Net balance at 30th November 2000	<u>-</u>	<u>1,332,428</u>

The company has received no government grants.

19. COMMITMENTS UNDER OPERATING LEASES

At 30th November 2000 the group had annual commitments under non-cancellable operating leases as set out below.

	2000		1999	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	-	-	2,572
Within 2 to 5 years	18,750	4,344	18,750	2,151
After more than 5 years	100,000	-	-	-
	<u>118,750</u>	<u>4,344</u>	<u>18,750</u>	<u>4,723</u>

The company has no commitments under operating leases.

20. CONTINGENCIES

The group's banker holds an unlimited cross guarantee to secure the amount owed by a related partly, A Bigger Splash (Manchester) Ltd. At the year end the contingent liability amounted to £243,882.

The group holds an option to purchase land amounting to £150,000. If the option to purchase is not exercised then the amount will be written off.

At the year end the company had contingent liabilities amounting to £14,872,880 relating to unlimited multilateral guarantees with the company's bank for subsidiary companies.

URBAN SPLASH GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
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21. TRANSACTIONS WITH THE DIRECTORS

At the year end directors current accounts outstanding were as follows -

	GROUP		COMPANY	
	2000	1999	2000	1999
	£	£	£	£
T.P.R. Bloxham	(514,711)	(886,231)	(570,470)	(572,356)
J.M. Falkingham	<u>2,326</u>	<u>(149,468)</u>	<u>-</u>	<u>-</u>

At the year end the directors loan accounts due over 1 year were as follows -

T.P.R. Bloxham	<u>(14,411)</u>	<u>(939,392)</u>	<u>-</u>	<u>-</u>
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During the year the group paid property rental to T.P.R. Bloxham amounting to £100,000.

22. RELATED PARTY TRANSACTIONS

The company was under the control of Mr T.P.R. Bloxham throughout the current and previous year. Mr Bloxham is the chairman and majority shareholder.

The amounts outstanding by related parties at the year end were as follows-

	2000	1999
	£	£
TBI 2000 Ltd.	28,511	(411,804)
A Bigger Splash (Manchester) Ltd.	3,674	12,443
Shed KM Ltd.	(62,857)	(30,522)
Baa Bar Ltd.	7,617	4,089
Urban Splash Architects Ltd.	10	-
Urban Box Ltd.	<u>22,716</u>	<u>-</u>

During the year the group received rental income amounting to £31,248 and management charges amounting to £44,345 from A Bigger Splash (Manchester) Ltd. a company in which T.P.R. Bloxham is materially interested as a director and shareholder.

During the year the group incurred architect fees amounting to £224,819, and received rental income of £3,294 from Shed KM Ltd, a company in which J.M. Falkingham is materially interested as a director and shareholder.

During the year the group received design and construction income amounting to £19,333 from Urban Box Ltd., a company in which T.P.R. Bloxham and J.M. Falkingham are materially interested as directors and shareholders.

During the year the group received rental income amounting to £80,161 from Baa Bar Ltd., a company in which T.R.R. Bloxham and J.M. Falkingham are materially interested as directors and shareholders.

T.P.R. Bloxham is materially interested as a director and shareholder of TBI 2000 Ltd. and Urban Splash Architects Ltd.

All transactions with related parties were at arms length and on a normal trading basis.

Any other movements in amounts outstanding with related parties are due to ledger balances and amounts paid or received on behalf of the related party.

URBAN SPLASH GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS
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23. SHARE CAPITAL**Authorised share capital:**

	2000 £	1999 £
20,000,000 Ordinary shares of £1.00 each	20,000,000	20,000,000

Allotted, called up and fully paid:

	2000 £	1999 £
Ordinary share capital brought forward	2,000,000	385,716
Issue of ordinary shares	-	1,614,284
	<u>2,000,000</u>	<u>2,000,000</u>

24. REVALUATION RESERVE

	2000 £	1999 £
Balance brought forward	-	-
Revaluation of fixed assets	1,196,002	-
Balance carried forward	<u>1,196,002</u>	<u>-</u>

URBAN SPLASH GROUP LTD.
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH NOVEMBER 2000

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000		1999
	£	£	£
Profit for the financial year for group and its share of joint ventures	1,101,645		842,149
Dividends	(220,000)		-
	<u>881,645</u>		<u>842,149</u>
Other net recognised gains and losses	1,196,002		-
New equity share capital subscribed	-	1,614,284	
Net premium on new share capital subscribed	-	<u>4,609,464</u>	
	-		6,223,748
Consolidation reserve	-		<u>238,346</u>
Net addition to funds	<u>2,077,647</u>		7,304,243
Opening shareholders' equity funds	<u>7,686,967</u>		<u>382,723</u>
Closing shareholders' equity funds	<u><u>9,764,614</u></u>		<u><u>7,686,966</u></u>

26. CAPITAL COMMITMENTS

The directors have confirmed that there were no capital commitments at 30th November 2000.